SHRI SUBRAMANIAN SWAMY: Sir, the Minister made a very important statement saying that the extent of liberalisation and delicensing has proceeded at a pace at which the Chambers of Commerce are very happy. So, I would like to know from the hon. Minister whether they have set a target date by which they will abolish the remaining licences also which are there in our economy.

SHRI J. VENGAL RAO: It is a continuing process. Whenever we need, we will certainly remove the constraints of the licences. It is a continuous process.

MR. CHAIRMAN: Next question.

Orders with BHEL for power equipments

*343. SHRI SHEO KUMAR MISHRA:

SHRI KRISHNA KUMAR BIRLA:†

Will the Minister of INDUSTRY be pleased to refer to the answer to Unstarred Question 3344 given in the Rajya Sabha on the 22nd August, 1988 and state:

(a) whether it is a fact that BHEL continues facing serious crisis for want of orders for power equipments and the situation is likely to be more grim during the Eighth Five Year Plan Period;

(b) if so, what are the details of the orders for the supply of power equipments in hand at the end of 1988 and the period by which these are likely to be completed;

(c) what are the major causes for the present situation and what is the estimated loss suffered by BHEL annually as a consequence thereof; and

(d) the manner in which Government propose to meet the situation?

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) The capacity utilisation of BHEL for the manufacture of power generation equipment is fairly satisfactory during the current years. The capacity utilisation will continue to be satisfactory if there is adequate inflow of order for the 8th Plan projects.

(b) At the end of 1988, BHEL had received orders for power generation equipment totalling to approximately 12,000 MW. A major portion of this will be executed during 1988-89 and 1989-90.

(c) The company has not suffered any losses on account of inadequate capacity utilisation.

(d) The capacity utilisation of BHEL for the 8th Plan projects is under constant review by the Government in order to ensure that the manufacturing facilities available with the company are adequately utilised.

SHRI KRISHNA KUMAR BIRLA: Sir, BHEL's total capacity utilisation for the 8th Plan is 38,000 MW power equipment. If the BHEL's capacity to manufacture power equipment is 9,000 MW as at present, it will need orders for 45,000 MW for the five-year 8th Plan. Thus, BHEL is going to be short of orders to the extent of 7,000 MW. If the BHEL has to keep the pace as per its capacity, it will have to endeavour to establish an export market. Russia is developing as a big market for India. There are many possibilities of increasing trade between Russia and India. I hope the Government are exploring the possibilities of exporting power equipment to Russia and to other countries. Therefore, my questions are: Are the

†The question was actually asked on the floor of the House by Shri Krishna Kumar Birla.

products of BHEL competitive in world market? What has been the performance of BHEL in export sector, particularly to the USSR?

SHRI J. VENGAL RAO: Sir, our targetted additional power generation is 38,000 MW in the 8th Plan. And our capacity in the BHEL is 5,845 MW per year, including thermal and hydel. We want 30,000 MW of orders in the 8th Plan. Now we have already got orders for 12,000 MW. We will secure for another 18,000 MW or so for the remaining portion also. As hon. Member, Mr. Birla mentioned, there are bilateral agreements with Russia, Canada and other countries. They will not give money. They will give only equipment. In the international market, equipment is there. It is in the shape of equipment only and because of our bilateral agreements we are accepting their offers. Even then, the BHEL will be getting sufficient orders for the 8th Plan, I am assuring the House.

SHRI KRISHNA KUMAR BIRLA: Sir, I couched both my supplementaries in one question.

MR. CHAIRMAN: Prof. Lakshmanna.

PROF. C. LAKSHMANNA: Mr. Chairman, Sir, just now, the Minister while replying to the main supplementary said that the capacity of 30,000 MW could be made up by having further orders to the tune of 18,000 MW. If that is the case, it is a good thing. But I would like to know whether as on today all the requirements of machinery for the core production in the country are not being imported by indigenous production from BHEL.

This is one part. Secondly, I would like to know one thing. There are imports for power machinery. What is that which is making the Government to allow import of those machinery for power production in this country while the full capacity of BHEL is not stepped up to 30,000 MW which is there?

SHRI J. VENGAL RAO: Sir, As I have mentioned, we are in a position to meet the demand of the country upto 30000 MW. But what about the bilateral agreements? In bilateral agreements...

PROF. C. LASHMANNA: I wanted to know whether power equipment is being imported.

SHRI J. VENGAL RAO: Imported means through bilateral agreements...

PROF. C. LAKSHMANNA: Whatever may be the agreement. Then I will have to go into the question: Why did you enter into a bilateral agreement when the capacity of BHEL is enough to meet the requirements?

SHRI J. VENGAL RAO: We have got our own financial constraint. We are not in a position to finance all the projects in the 8th Plan. We are short of power generation. That is why we are accepting the bilateral agreement from some other countries. Even then, BHEL will get sufficient orders for the installed capacity.

MR. CHAIRMAN: It is question of rupee content. You understand it.

PROF. C. LAKSHMANNA: Sir, it is not a question of rupee content. Here is a public sector which is capable of producing 30,000 MW as he himself states, as of today. Today, they have orders for 12,000 MW, and 18,000 MW orders are yet to come. At the same time, Sir I know for certain that there is power equipment which is being imported into this country and, therefore, my question is: What is the priority? Is it the development of indigenous industry or is it the rupee value which has to be taken into account only? Therefore, I would like to know why it is that rupee value has become more important than growth of indigenous equipment...

THE MINISTER OF ENERGY (SHRI VASANT SATHE): Would you allow me to intervene, Sir, because I am also concerned with it? The objective is first to utilise the entire indigenous capacity that we have set up, that is with BHEL. Secondly over and above that, there is a gap, and if that gap is to be made up, we can make it up only by getting bilateral assistance from outside, and if this outside assistance is given by the USSR or by any other source through bilateral arrangement, they will not give it for charity but they will like their equipments also to be taken by us which we get so that we an augment our power generation. The thrust is, are we going to starve our indigenous capacity? The answer is, No.... (*Interruptions*).

PROF. C. LAKSHMANNA: Sir, I seek your protection...

MR. CHAIRMAN: They are going to utilise the indigenous capacity fully. That is what the Minister for Power says.

SHRI M. S. GURUPADASWAMY: My friend is giving a wrong answer. The point is, there is the existing capacity the potential has been created, and it is not being used at present and you are importing, and the Minister for Industry is saying that because of bilateral arrangement, there is no alternative. (*Interruptions*)

SHRI DIPEN GHOSH: And they are going in for bilateral arrangements... (*Interruptions*).

SHRI M. S. GURUPADASWAMY: Mr. Vengal Rao says because of bilateral arrangement... (*Interruptions*) I am saying that Mr. Sathe is misleading the House.

SHRI VASANT SATHE: Not at all object. I am not misleading the House. My hon. friend has some confusion in his mind: I am not at all misleading the House.

SHRI M. S. GURUPADASWAMY: I do not have any confusion. You seem to be having a coagulated mind. I don't have it. Sir, they are contradicting each other. Mr. Vengal Rao says... (*Interruptions*).

SHRI VITHALRAO MADHAVRAO JADHAV: Whose question is it?

SHRI M. S. GURUPADASWAMY: The House wants to know who is true and who is not true.

PROF. C. LAKSHMANNA: Sir, my question is quite simple. Is production of power in this country under the Industry Ministry or the Power Ministry? I have a simple question. Which of these two Ministries decides with regard to utilisation of production capacity in BHEL in this country? Is it being decided by the Industry Ministry or by the Power Ministry?

MR. CHAIRMAN: Both together.

SHRI C. LAKSHMANNA: No, one is the producer and other is the user, and if user dictates as to what should be done by the producer, I think the entire indigenous industry will be affected. Therefore, I would still like to ask why the Industry Ministry did not ensure that 18000 MW power production capacity available with the BHEL was fully utilised before they went into rupee value content of bilateral agreements?

MR. CHAIRMAN: The questions is, Is there any unutilised capacity available in BHEL.

SHRI J. VENGAL RAO: They are not clearly understanding my question... (*Interruptions*). I mean, my answer... (*Interruptions*). I mentioned in my answer that the Eighth Plan target is 38,000 MW; the BHEL capacity is only 30,000 MW. and we have to make up for 8000 MW... (*Interruptions*)

SHRI KAMAL MORARKA: Sir, You have asked him a question. Let

him answer that. What is the unutilised capacity? (*Interruptions*)

PROF. C. LAKSHMANNA: Then, the cat will come out of the bag. (*Interruptions*)

SHRI J. VENGAL RAO: Sir, they are utilising nearly 70 per cent for power equipment and 30 per cent for other equipment in relation to transport and other fields. (*Interruptions*).

MR. CHAIRMAN: There is no idle capacity?

SHRI J. VENGAL RAO: There is no idle capacity by and large. (*Interruptions*) Sir, mention was made about losses. I would like to point out that in 1984-85 they earned a profit of Rs. 114 lakhs. (*Interruptions*)

SHRI KAMAL MORARKA: It is about to go into the red. (*Interruptions*) Can you tell us what will be the profit next year? (*Interruptions*)

SHRI DIPEN GHOSH: Tell us about the order book position. (*Interruptions*)

SHRI KAMAL MORARKA: Next year it will go into losses. We all know about last year. (*Interruptions*)

MR. CHAIRMAN: The Minister has said that full capacity utilisation is there. (*Interruptiins*)

SHRI DIPEN GHOSH: What is the order book position of the BHEL in regard to power equipment? (*Interruptions*)

SHRI N. E. BALARAM: Are they utilising the full capacity of the BHEL? This is the only question. Let them say 'Yes' or 'No'.

SHRI J. VENGAL RAO: Sir, I am answering the question. We are utilising almost the full capacity. It is earning profits. For the next year it has sufficient orders. For another three years we will get sufficient orders.

SHRI N. K. P. SALVE: Sir, BHEL is one undertaking which plays a very crucial role in a very critical area of the country's economic growth and development—that is, power. Therefore, this cannot be treated very lightly one way or the other—its performance. I would like to know from the hon. Minister two things. Firstly, there have been Public grievances, very serious grievances, expressed by various States that the supplies made by the BHEL the substandard and substantial part of the losses incurred by the various State Electricity Board is attributed to the malfunctioning of the machinery supplied by the BHEL. If this is true, may I know what is being done to ensure that standard substandard materials are not supplied? The second thing which worries me emanates from his answerpart- (c)—that the company has not suffered any losses on account of inadequate capacity utilisation. May I know from the hon. Minister what the cumulative loss in the balancesheet, in the last completed balancesheet is because this kind of an answer betrays some sort of an unsavoury intellectual legerdemain? Let us be very fair about it. What is the cumulative loss? The Minister talked about financial constraints. If there are financial constraints, there should be no losses and the company can carry on well enough. Therefore, I would like to know, connected with the substndard spply of plant and machinery, what is the cumulative loss and how does he intend to get over the problem?

SHRI J. VENGAL RAO: Our is the best equipment in the country. I would request hon. Member to visit the plants at Vijayawada, Talcher and Ramagundam which have sets supplied by the BHEL. They are working better than the imported sets.

SHRI SUBRAMANIAN SWAMY: Then how is that the Karnataka Government rejected the NGEF... (*Interruptions*)

SHRI J. VENGAL RAO: You ask Mr. Hegde. (*Interruptions*)

SHRI N. K. P. SALVE: What about the cumulative loss as per the last balance sheet?

SHRI J. VENGAL RAO: Losses have been wiped out. We are earning profits. (*Interruptions*)

SHRI DIPEN GHOSH: The question is relating to idle capacity. The Minister of Industry said that though there is capacity they have to take recourse to imports because of resource constraint immediately thereafter, the Minister of Energy said that full capacity is being utilised. In this background...

MR. CHAIRMAN: He has said about the financial constraints.

SHRI DIPEN GHOSH: I know what the financial constraints are and what financial constraints make them to go Italy to make an agreement with ANSALDO to buy power generation equipment. That I know and I am not asking that supplementary. Now I have got the papers. I happen to be member of the Public Undertakings Committee. I am not going to quote those papers, I know what is what.

Here is the written reply of the Minister in which it is stated, "The capacity utilisation of BHEL for the 8th Plan projects is under constant review by the Government in order to ensure that the manufacturing facilities available with the company are adequately utilised." This underlines one thing. The question came from Mr. Gurupadaswamy whether the Minister was misleading the House or not. Sir, you know better English than me. The written reply underlines one particular point.

SHRI N. K. P. SALVE: That is a minor concession.

SHRI DIPEN GHOSH: It is not fully utilised at least Mr. Vasant Sathe should note. (*Interruptions*) Please hear with me for a minute. Secondly, Mr. Vengal Rao, in his reply, has mentioned that 38000 MW is 8th Plan target, while 30000 MW is the fullest capacity of BHEL in regard to the manufacturing of power generation equipment. I want to know, what is the order book position, how many orders have been placed on them? I have inspected the order book position. I am not going to disclose it now. I will disclose it after receiving the reply. What is the order book position?

SHRI J. VENGAL RAO: I have given it in my statement. We have received orders for 12,000 MW and we have to receive orders for 18000 MW which will certainly receive.

SHRI GHULAM RASOOL MATTO: Sir, probably the hon. Minister misunderstood the question of Shri Birla. Actually, Mr. Birla wanted to know whether under the present bilateral arrangements...

MR. CHAIRMAN: What do you want to know?

SHRI GHULAM RASOOL MATTO: I want to know whether in the bilateral trade agreement with Russia BHEL has been given orders for supply to the USSR. This is my question, not from USSR but to USSR.

MR. CHAIRMAN: Have you received orders to supply equipment to USSR?

SHRI J. VENGAL RAO: Sir, Mr. Birla said that he was satisfied with my answer. He is unnecessarily raising the question on his behalf.

SHRI GHULAM RASOOL MATTO: Let him reply to my question.

MR. CHAIRMAN: Are you supplying BHEL products to the Soviet Union?

SHRI J. VENGAL RAO: We are not supplying, we are meeting our own demands.

Dukwan Hydel Scheme on Betwa River

*344. SHRI SUSHIL BARONGPA: SHRIMATI VEENA VERMA:†

Will the Minister of ENERGY be pleased to state:

(a) whether it is a fact that the State of Uttar Pradesh has proposed a purely hydro electric scheme called Dukwan Hydel Scheme on Betwa river; and

(b) if so, what are the details of the proposed scheme and what are its likely benefits?

THE MINISTER OF STATE IN THE DEPARTMENT OF POWER IN THE MINISTRY OF ENERGY (SHRI KALPNATH RAI): (a) and (b) The Dukwan H.E. Project (3x7.5 MW) envisaging construction of a power house at the toe of the existing dam across the Betwa river (built in 1910) to utilise the regulated releases from existing Matatila and Dhukwan reservoirs was approved by the Technical Advisory Committee of the Planning Commission in August, 1965 in the State sector. The project was, however, not taken up due to financial constraints No fresh proposal/revised project report for taking up the scheme has been received in the Central Electricity Authority from the State Government.

SHRIMATI VEENA VERMA: The Minister in his reply has said that no fresh proposal/revised project report for taking up the scheme has been received in the Central Electricity Authority from the State Government of U.P. Does this indicate that the UP Government has lost interest in the project? What is their latest communication in this regard?

SHRI KALPNATH RAI: Respected Chairman, Sir, in 1965 the UP Government recommended the construction of this project. The Central Electricity Authority gave the techno-economic clearance. The Planning Commission also approved it. But because of financial constraints, this project was not taken up for construction. Now it is 1989 and revised estimates have to be...

MR. CHAIRMAN: Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Serious problems to Plastic Units in Orissa

*345. SHRI JAGADISH JANI: Will the Minister of INDUSTRY be pleased to state:

(a) whether the plastic units in Orissa are facing serious problems for want of raw materials;

(b) whether the problem would be resolved if a plastic depot is set up at Paradeep;

(c) whether Government of Orissa had sent a proposal in this regard to the Central Government; and

(d) if so, what action has been taken thereon?

THE MINISTER OF INDUSTRY (SHRI J. VENGAL RAO): (a) and (b) At present the overall domestic availability of plastic raw materials is not adequate to meet the requirements of plastic processing units in the country, including Orissa.

(c) and (d) A proposal has been received from the Government of Orissa for setting up of facilities for storage and handling of petro-chemical intermediates at Paradeep Port. A Committee has been set up to examine the proposal.

†The question was actually asked on the floor of the House by Shrimati Veena Verma.